



# What Is the Fiscal Cliff?

Unless the law is changed, or Congress and the president find another way to trim the deficit, on Jan. 1 the following spending cuts and tax changes will automatically kick in:

**Fiscal 2013 impact, annualized dollars; percent of GDP**

Spending cuts: \$136 billion, 0.8% of GDP	\$87 billion; 0.5% of GDP	Across-the-board cuts in domestic and defense, discretionary spending
	\$35 billion; 0.2%	Expiration of extended unemployment benefits
	\$15 billion; 0.1%	Reduce Medicare doctor payments
	\$24 billion; 0.1%	New taxes from Obama health-care law
	Tax cuts that expire:	
Tax increases: \$532 billion,	\$87 billion; 0.5%	Other tax provisions
	\$127 billion; 0.7%	Payroll tax holiday ends
	\$295 billion;	Income tax rates to rise to

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